

Plan for Handling Receivership in accordance with IC 27-13-16-1 and Rule 70

Calculation for Cost of Continued Benefits

Company Name: _____ NAIC No.: _____

Calculation as of: _____ Completed by: _____

For purposes of this calculation, estimated costs will be based on 30 days of continued benefits after an insolvency.

Input Required

1. Premium Revenue less Federal Employees Health Benefit Plan less Medicare less Medicaid Benefit Plan less Medicare less Medicaid)..... (If prepared on a quarterly basis, use annualized premium revenue)	Financial Statement, Analysis of Operations by Lines of Business
2. Medical Expense (Total Hospital and Medical Expense less Federal Employees Health Benefit Plan less Medicare less Medicaid less 50% Capitated Medical Expense)..... (If prepared on a quarterly basis, use annualized medical expense)	Financial Statement, Analysis of Operations by Lines of Business; Summary of Transactions w/ Providers
3. Administrative Expense less Federal Employees Health Benefit Plan less Medicare less Medicaid..... (If prepared on a quarterly basis, use annualized administrative expense)	Financial Statement, Analysis of Operations by Lines of Business

Assumptions

A) Increased health care expense, as a % of premium	10%
B) Admin costs	
Month 1, as a percent of current	70%
Month 2, as a percent of current	50%
Month 3, as a percent of current	40%
C) Costs for Indiana insolvency, legal and consulting	\$400,000
D) Premium Collection percentage	96%

4. Medical Expense Ratio (Medical Expenses/Premium Revenue)
5. Administrative Expenses Ratio (Administrative Expenses/Premium Revenue)
6. Assumed Insolvent Medical Expense Ratio (Medical Expense Ratio + Assumption A)

Calculation for Costs of Continued Benefits

Medical Expense ((Annualized Premium Revenue * Assumed Insolvent Medical Exp Ratio)/12).....	
Less: Premium ((Annualized Premium Revenue * Assumption D)/12).....	
7. Net Medical Costs.....	
Administration	
Month 1 (((Annualized Premium Revenue * Administrative Expense Ratio)/12)*Assumption B).....	
Month 2 (((Annualized Premium Revenue * Administrative Expense Ratio)/12)*Assumption B).....	
Month 3 (((Annualized Premium Revenue * Administrative Expense Ratio)/12)*Assumption B).....	
8. Administrative Costs.....	
9. Closing Costs (Fixed Costs)	\$400,000
10. Projected costs (Medical Costs + Administrative Costs + Closing Costs).....	
11. Less Statutory Deposit.....	\$500,000
12. Total Projected Costs (Projected Costs - Deposit).....	
13. Amount to be financed - the greater of Total Projected Costs (line 12) or one million dollars (\$1,000,000).....	